

## Message Text

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PAGE 01 LAGOS 14959 290859Z  
ACTION AF-10

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 ISO-00 SOE-02  
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08  
DOE-11 H-01 INR-07 INT-05 L-03 NSAE-00 OMB-01  
PM-05 OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12  
PA-01 PRS-01 NSCE-00 SSO-00 USIE-00 INRE-00 /145 W  
-----028982 290914Z /10

O R 281620Z DEC 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC IMMEDIATE 5639

INFO AMEMBASSY ACCRA

AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DAKAR

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY YAOUNDE

USINT BAGHDAD

AMCONSUL DHAHRAN

AMCONSUL KADUNA

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E.O. 11652: N/A

TAGS: ENRG, NI

SUBJECT: NIGERIA REDUCES OIL PRICES

REF: LAGOS 12809

1. MANAGING DIRECTOR OF NON-U.S. OIL COMPANY TOLD EMBASSY PETROLOFF

DECEMBER 28 THAT MANAGING DIRECTOR OF NIGERIAN NATIONAL PETROLEUM CORPORATION F.R.A. MARINHO INFORMED OIL PRODUCING COMPANIES DAY BEFORE THAT FMG HAD DECIDED TO REDUCE PRICES OF VARIOUS GRADES OF EXPORT OIL BY AMOUNTS RANGING FROM 7 TO 41 CENTS PER BARREL.

2. NEW PRICES IN DOLLARS FOR FIRST SIX MONTHS OF 1978 ARE AS FOLLOWS (PREVIOUS PRICES IN BRACKETS): BRASS RIVER 14.36 (14.72); BONNY LIGHT AND QUA IBOE 14.31 (14.63); ESCRAVOS 14.28 (16.60); FORCEDOS 14.01 (14.42); BONNY MEDIUM 13.66 (13.73). SOURCE DID NOT HAVE FIGURE FOR OIL EXPORTED FROM PENNINGTON TERMINAL, BUT ASSUME THIS WILL BE 14.22 (14.54). IN ANY CASE PENNINGTON ONLY INVOLVES AT MOST 55,000 BARRELS PER DAY. IT ALSO NOT IMMEDIATELY CLEAR WHETHER THESE NEW PRICES INCLUDE HARBOR DUES OF 2 CENTS PER BARREL WHICH ARE INCLUDED IN OLD PRICES.

3. SOURCE SAID MARINHO ALSO ACKNOWLEDGED THAT PRODUCING COMPANIES WERE NOT GETTING AS HIGH A PROFIT MARGIN ON THEIR EQUITY SHARE OF PRODUCTION AS HAD BEEN INTENDED WHEN NEW FISCAL INCENTIVES ANNOUNCED LAST MAY. MARINHO TOLD COMPANIES NNPC WANTED TO DO SOMETHING TO HELP THEM INCREASE PER BARREL MARGINS, BUT WITHOUT LOWERING POSTED PRICES BECAUSE OF PROBLEMS THAT WOULD CREATE WITHIN OPEC. MARINHO ASKED COMPANIES TO SUBMIT SUGGESTIONS AS TO HOW THIS COULD BE ACCOMPLISHED. SOURCE SAID HE THINKS THERE IS NO PRACTICAL WAY EXCEPT TO LOWER THE POSTED PRICE UNLESS NNPC WISHES TO GIVE PRODUCING COMPANIES AN ADDITIONAL DISCOUNT, AND NNPC HAS BEEN HIGHLY ALLERGIC TO USING THAT TERM.  
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4. SOURCE ADDED THAT MARINHO TOLD COMPANIES NNPC WANTED TO ADJUST PRICES TO MARKET FORCES IN SUCH A WAY AS TO INSURE EXPORTS OF AT LEAST TWO MILLION BARRELS PER DAY. EXPORTS HAVE AVERAGED 1.9 MILLION B/D FOR THE PAST FOUR MONTHS, AND TREND IS DOWN.  
EASUM

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NNN

## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OILS, PRICES  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LAGOS14959  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 LAGOS 12809  
**Retention:** 0  
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**Review Media Identifier:**  
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**Review Release Event:** n/a  
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**Status:** NATIVE  
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**TAGS:** ENRG, NI  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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